Required Report - public distribution

Date: 3/27/2012
GAIN Report Number:

Uruguay

Oilseeds and Products Annual

2012

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Report Highlights:
For marketing year (MY) 2012/13 post forecasts planted area for soybeans at 950,000 hectares. Post estimates domestic crush for soybeans to increase dramatically due to national biofuels mandate aided by steady demand for meal for feed use. Crush is estimated at 200,000 tons for MY2012/13, at 80,000 tons for MY2011/12 and at 60,000 tons for MY2010/11. Production for MY2011/12 is lowered to 1.6 million metric tons, based on lost area and lower than average yields as a result of extremely hot and dry days in December and January.

Commodities:
Oilseed, Soybean
Oil, Soybean
Meal, Soybean

Production:
Area planted to soybean production in Uruguay is forecast to remain stable in the coming marketing year (MY)2012/13 with 950,000 hectares (ha), which is the same amount planted during MY2011/12 according to Post's analysis and lower than the USDA official number. Although there is demand for soy, aggressive expansion is not expected as costs of production creep higher: land rental prices are increasing and transportation costs are going up because of higher fuel costs and union demands. With average yields, Uruguay can be expected to produce 1.9 million metric tons (MMT).

For MY2011/12 post lowers planted area for soybeans to 950,000 hectares, 50,000 ha below the official USDA number. As in many parts of South America, Uruguayan crops suffered through hot and dry days especially during December and January. Although in the beginning of the season, planting intentions were estimated at 1.0 million hectares, not all of the second crop soy was planted because of the dry weather. This accounts for about a 5 percent loss in area, equivalent to about 50,000 ha. It is estimated than a little more than half of the planted area was dedicated to second crop soy with 500,000 hectares planted to second crop soybeans and 450,000 planted with first crop soybeans. This is a growing trend as Uruguayan producers are planting more wheat. Historically, more area was dedicated to first crop and less to second crop with the average ratio being 60/40.

Harvest is currently underway and several producers will not harvest some of the second crop soy that was burned to a crisp in the early stages of production. Therefore, harvested area is further lowered by another 50,000 ha to 900,000 ha. Post estimates that of the harvested area 450,000 hectares are first crop soybeans, and 450,000 hectares are second crop soybeans. The first crop soy was hit by the drought in the flowering stage and caused the plants to abort flowers and re-flower several times. This brings average yields down to 1.9 tons/ha. For the second crop soy, despite the area that was lost due to plants that died right after planting, overall the crop recovered more than expected. Yields are expected to be an average of 1.6 tons/ha. Total production for MY2011/12 is estimated at 1.6 MMT (100,000 ha lower than the USDA official number) with average yields of 1.77 tons/ha.

Consumption:
Historically, nearly all soybeans are exported and very little is left for domestic consumption and/or processing. In fact, up until now, Uruguay has been a net importer of soybean oil and meal. Most oil is

imported from neighboring Argentina for food use and meal is imported to meet the domestic feed demand for the livestock and dairy sectors. However, domestic capacity and demand for crush has increased in recent years due to construction of new crushing facilities and biodiesel plants in order to meet the national biodiesel mandate. The National Fuel Administration (ANCAP) published a law in 2007 (Ley N^{o} 18.195) that mandates diesel be mixed with 5 percent biodiesel beginning this year, 2012 (for more information on biodiesel, see the 2010 Uruguay Biofuels report).

In MY2012/13, a new biodiesel facility will come on-line and with the capacity to process an additional 40,000 tons of vegetable oils for biodiesel production. Next year, Uruguay will produce more oil and meal than it imports for the first time in the past 15 years. It is estimated that 35,000 tons of soybean oil will be used for biodiesel next year. This is more than triples the amount used in MY2011/12, 8,000 MT. Post estimates that 10,000 tons were used in MY2010/11. Since the oil can come from any raw product, post contacts indicate that there can be fluctuations in the percentages of oil from each product. For example in MY2010/11, 84 percent of the total oil used for biofuels was from soybeans, the rest from sunflowers. In MY2011/12, soybean oil use dropped to 60 percent while the rest of the oil came from sunflowers and rapeseed. In MY2012/13, because of the new facility, soybean oil use will spike again.

Crush is estimated at 200,000 tons for MY2012/13 driven by demand for oil in biodiesel production. For MY2011/12, crush is expected to reach 80,000 tons, 55,000 tons higher than the USDA official estimate. For MY2010/11, 60,000 tons, 35,000 tons higher than the USDA estimate. Meal produced from domestic crush will go exclusively into animal feed. Demand for feed in the dairy, livestock and poultry sectors is strong and is forecast to remain that way. Post estimates domestic meal consumption for feed at 210,000 MT, 250,000 MT and 265,000 MT for the years MY2010/11, MY2011/12, and MY2012/13, respectively. Although other grains such as sorghum and corn are used for feed, soybean meal is an important ingredient.

Trade:

As previously mentioned, Uruguay exports over 90 percent of its soybean production as whole beans. Nearly 70-80 percent of all beans exported go to China. For MY 2012/13, post forecasts exports at 1.675 MMT. In MY2011/12, exports are reduced by 110,000 MT to 1.55 MMT based on reduced production numbers. For MY2010/11, exports are raised to 1.9 MMT (390,000 MT higher than the USDA official estimate). Official data from the first 6 months of the year show 1.8 MMT exported. Historically, 95 percent of all soybeans are exported during the first 6 months of the marketing year, April through September.

Imports of soybean meal are used for feed use in the dairy, livestock, and poultry sectors. Demand for feed is expected to remain strong. Post estimates imports at 100,000 tons for MY2012/13, a drop from the previous year's estimate. Crush is expected to increase in MY2012/13 for oil production for biofuels. Domestically produced meal, essentially a by-product of oil production, will supplement overall feed consumption, lowering demand for imported meal. Meal imports for MY 2011/12 are

raised to 190,000 MT, 20,000 above the USDA official number and for MY2010/11, final imports for soybean meal are 163,000 MT based on official trade data.

Stocks:
Uruguay holds literally no stocks of soybeans or soybean products.

Policy:
Conservation
The 30 year old national conservation policy has been updated and will now require all producers to present a natural resources management plan to the Ministry of Agriculture. The idea is to effectively manage soil and water conservation. In March 2011, a voluntary pilot plan was launched with select participants. Originally, the plan was to require mandatory submission of these plans in 2012 however, contacts indicate that 2012 will be another pilot year and mandatory reports will be required in 2013. The implementation of this plan could cause shifts in area and production in years to come, for example an increase in grain production for rotational/land management purposes however, many in the agricultural sector are doubtful that the policy will be implemented. There is a lot of paperwork involved and it will be very difficult to monitor.

Biotechnology
Genetically engineered soybeans are allowed in Uruguay. In fact, more than 99 percent of all soybean area is planted with Round-up Ready soybeans, which is the only variety that has been approved for commercial use. In 2004, an 18 month de facto moratorium on biotechnology approval was put into place and subsequently removed in 2008. Since its removal several other varieties of soybeans have been approved for seed production for export only. It is estimated that less than 0.2 percent of total soybean area is dedicated to these seed varieties. Uruguay also allows field testing of new biotech crops.

For more detailed information on biotechnology, please see the Uruguay Annual Biotechnology reports in the Global Agricultural Information Network (GAIN) system.

Production, Supply and Demand Data Statistics:

Oilseed, Soybean Uruguay	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Apr 2011		Market Year Begin: Apr 2012		Market Year Begin: Apr 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	900	1,000	1,000	950		950
Area Harvested	865	950	1,000	900		950
Beginning Stocks	34	34	29	54		9

Production	1,545	1,995	1,700	1,600		1,900
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	1,579	2,029	1,729	1,654		1,909
MY Exports	1,510	1,900	1,660	1,550		1,675
MY Exp. to EU	200	200	200	200		200
Crush	25	60	25	80		200
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	15	15	15	15		15
Total Dom. Cons.	40	75	40	95		215
Ending Stocks	29	54	29	9		19
Total Distribution	1,579	2,029	1,729	1,654		1,909
1000 HA, 1000 MT						

Oil, Soybean Uruguay	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Apr 2011		Market Year Begin: Apr 2012		Market Year Begin: Apr 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	25	60	25	80		200
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	0	0	0	0		0
Production	5	12	5	16		40
MY Imports	20	24	20	18		20
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	25	36	25	34		60
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	10	0	8		35
Food Use Dom. Cons.	25	26	25	26		25
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	25	36	25	34		60
Ending Stocks	0	0	0	0		0
Total Distribution	25	36	25	34		60
1000 MT, PERCENT						

Meal, Soybean Uruguay	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Apr 2011		Market Year Begin: Apr 2012		Market Year Begin: Apr 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	25	60	25	80		200
Extr. Rate, 999.9999	1	1	1	1		1

Beginning Stocks	0	0	0	1		5
Production	20	48	20	64		160
MY Imports	160	163	170	190		100
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	180	211	190	255		265
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	180	210	190	250		265
Total Dom. Cons.	180	210	190	250		265
Ending Stocks	0	1	0	5		0
Total Distribution	180	211	190	255		265
1000 MT, PERCENT						